



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

Address: COMMISSIONER FOR PATENTS

P.O. Box 1450

Alexandria, Virginia 22313-1450

www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/631,837	08/01/2003	Mike V. Naples	USPS-061	1034
28661	7590	12/07/2010	EXAMINER	
LEWIS AND ROCA LLP 1663 Hwy 395, Suite 201 Minden, NV 89423			STERRETT, JONATHAN G	
			ART UNIT	PAPER NUMBER
			3623	
			MAIL DATE	DELIVERY MODE
			12/07/2010	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/631,837

Applicant(s)

NAPLES ET AL.

Examiner

JONATHAN G. STERRETT

Art Unit

3623

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 9-20-2010.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-39 and 85 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-39 and 85 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SB/22)
Paper No(s)/Mail Date 11-10-2010
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Summary

1. This **Non-Final Rejection** is responsive to the amendment of 20 September 2010. Currently **Claims 1-39 and 85** are examined below.

Response to Argument

2. The arguments have been fully considered but are not persuasive.

The applicant attempts to traverse the takings of Official Notice and argue that the number of times ON is taken is an indicia of nonobviousness of the claimed invention.

The examiner respectfully disagrees.

The summary of Official Notice in the file is as follows:

Office Action of 10-27-2008

#1 - Page 5 – that **shipping cost is known in the art to be a part of direct mailing expenditure**

#2 - Page 6 – that **discounting shipping rates is old and well known (i.e. to provide a shipping rate that is discounted)**

#3 - Page 9 – that **automating method steps using a GUI and a computer system are old and well known**

In the reply of 4-27-2009, the applicant did not traverse any of these statements of Official Notice.

Office Action of 7-17-2009

The Official Notice statements of #1, #2 and #3 were maintained.

In the reply of 9-17-09, the applicant did not traverse any of these statements of Official Notice

Office Action of 12-31-2009

The Official Notice statements of #1, #2 and #3 were maintained.

In the reply of 3-30-2010, the applicant did not traverse any of these statements of Official Notice.

Office Action of 6-18-2010

The Official Notice statements of #1, #2 and #3 were maintained.

#4 - Page 6 – to calculate an ROI by dividing net profit (or a percentage of net profit) by total costs.

MPEP 2144.06 clearly states the following regarding Official Notice

The applicant should be presented with the explicit basis on which the examiner regards the matter as subject to official notice **>so as to adequately traverse the rejection< in the next reply after the Office action in which the common knowledge statement was made....

To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b).

If applicant does not traverse the examiner's assertion of official notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate.

The applicant has not provided any traversal in replies to the previous office actions as noted above. According to the MPEP the 4 (i.e. #1-4 above) subjects of Official Notice are taken to be admitted prior art.

The current statements regarding the previous Official Notices are not effective because they do not explain why the subjects of Official Notice (as given above) are not

old and well known. The applicant's statements that the number of times Official Notice is taken reflects nonobviousness is a mere allegation of patentability.

The applicant argues that the recitation of "potential new customers" distinguishes over Dwyer because Dwyer's approach is focused on existing customers.

The examiner respectfully disagrees.

In response to applicant's argument, a recitation of the intended use of the claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim.

In this case the steps recited in the claims would be the same regardless of whether a new or existing customer is being targeted. For example, if a direct mailing is sent to a customer who has never responded before, or to an existing customer (i.e. for a renewal), then in both cases the financial attractiveness as recited is calculated based on their response. However, it might well be that an existing customer has a greater or lesser chance of responding to a direct mailing for a subscription, but there is no recitation that the response is somehow based upon whether the customer is a new or existing one, thus this is an intended use recitation. The examiner notes that even assuming *arguendo* that the applicant did amend this limitation in, the calculation of financial attractiveness for the mailing would be the same.

The remaining arguments regarding the newly amended limitations regarding the type of mailing service are moot in view of new grounds of rejection.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. **Claims 1-39 and 85** is rejected under 35 U.S.C. 103(a) as being unpatentable over Dwyer, FR, "Customer Lifetime Valuation to Support Marketing Decision Making", 1997, Journal of Direct Marketing, Volume 11, Issue 4, John Wiley & Sons, pp.6-13.(hereinafter **Dwyer**) in view of "Quantitative approaches for profit maximization in direct marketing", 1998, H van der Scheer - dissertations.ub.rug.nl (hereinafter **Scheer**) and further in view of "Factors influencing the return rate in a direct mail campaign to inform minority women about prevention of cervical cancer".[PDF] from nih.gov, MB Dignan, R Michielutte... - Public Health ..., 1994 - ncbi.nlm.nih.gov (hereinafter **Dignan**)

Regarding **Claim 1**, Dwyer teaches:

1. A method of evaluating a direct mail marketing campaign, comprising:

receiving a value representing a number of customers targeted for the direct mail marketing campaign;

Exhibit 1 page 10, subs (i.e. subscriptions) targeted for direct mail

receiving a production cost of the direct mail marketing campaign;

wherein the production cost includes a fixed price component for the direct mail marketing campaign and an average price component per mailing unit for the direct mail marketing campaign;

receiving a cost of a shipping service;

receiving financial information for the direct mail marketing campaign;

Exhibit 1 page 10, direct costs (i.e. Including mailing or shipping costs) are costs associated with direct mail to get the subs to renew. – financial information (i.e. a discount rate is financial information).

determining the return on investment of the direct mail marketing campaign based on the production cost, shipping service cost, and financial information; and outputting the return on investment of the direct mail marketing campaign

Exhibit 1 page 10, NPV/M is a return on investment figure (i.e. a net present value or NPV figure measures return on investment according to a discount rate).

The formulas used in this figure are financial information necessary to calculate a net present value (i.e. a return on investment). Direct costs of conducting the mailing are direct costs in that they are directly associated with producing the mailing.

Dwyer teaches calculating an NPV which implies a financial calculation to balance costs versus revenues. Dwyer teaches that part of this cost is "direct cost". While Dwyer teaches that cost for mailings is part of analyzing the return on investment for a lifetime value of customers, Dwyer does not teach explicitly the shipping cost. However, Official Notice is taken that shipping cost is known in the art of direct mailing to be part of the expenditure and would have provided a predictable result in combination with the teachings of Dwyer because Dwyer's NPV takes into account direct costs associated with estimating the expenditures required to perform a direct mail campaign.

Dwyer does not teach:

wherein the production cost includes a fixed price component for the direct mail marketing campaign

Scheer teaches:

wherein the production cost includes a fixed price component for the direct mail marketing campaign

Page 9 bottom – the cost of mailing a single piece of mail (i.e. the variable costs) and the fixed cost - i.e. a fixed price component for the direct mail marketing program - since Scheer is teaching how to quantitatively analyze a mailing program.

See also page 141 bottom para – here Scheer suggests taking the fixed cost component into account because of the practice of ensuring a minimum number of mailings to ensure that fixed costs do not dominate variable costs.

Dwyer and Scheer both address how to optimize the efforts of direct mail marketing, thus both Dwyer and Scheer are analogous art.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Dwyer regarding performing an NPV analysis of direct mail marketing to determine a return on investment, to include taking a fixed cost component into account, as taught by Scheer, because it would have ensured identifying a minimum number of mailings to determine a break-even point for the financial analysis (i.e. a break-even point identifying where the benefit of the mailing equals the fixed and variable costs).

Dwyer and Scheer fail to teach calculating an ROI (return on investment) where this is calculated by dividing net profit (or a percentage of net profit) by campaign costs.

However, Dwyer does teach using an NPV calculation in determining financial attractiveness. Official Notice is taken that it is old and well known in the art to calculate an ROI by dividing net profit (or a percentage of net profit) by total costs.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Dwyer by measuring the financial attractiveness of a marketing campaign using an ROI (i.e. by dividing net profile, or a percentage of net profit by campaign costs), because it would have provided a predictable result in using the information in Dwyer in calculating a different financial metric.

Both Dwyer and Scheer look at Lifetime Valuation (known in the art by the acronym as LTV) based on the cost of mailing customers and determining the financial return provided by the monetary benefit gained from mailings (and in some cases by repeat mailings as discussed by Dwyer on page 11 under "the customer migration model"). Although both Dwyer and Scheer take into account the cost of mailings (i.e. a cost of a shipping service). and the financial return, they do not teach

A selection of a type of shipping service;

calculating the cost of the shipping service if the type of selection service has been received based on the number of potential new customers targeted and the type of shipping service selected;

however Dignan teaches:

A selection of a type of shipping service;

Page 509 column 2 para 2 – bulk rate mail vs first class mail were selected to analyze the response effect of each

calculating the cost of the shipping service if the type of selection service has been received based on the number of potential new customers targeted and the type of shipping service selected

page 510 column 1 las para – the cost of both bulk and first class was calculated based on the number of pieces sent via each shipping service.

Dwyer, Scheer and Dignan all address how to effect the greatest response using direct mail methods, thus they are all analogous art.

Dignan teaches that analyzing the response of first class vs bulk mailing can reveal if money can be saved using a cheaper mails service if the response rate is similar enough to warrant the cheaper service (i.e. Dignan investigates whether money can be saved using bulk mailing service over first class).

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the collective teachings of Dwyer and Scheer to have included looking at bulk vs first class mail service as taught by Dignan because it would have provided a predictable result by including the cost associated with mailings into the return on investment (i.e. NPV) teachings of Dwyer and further would have also provided the motivation of using the least cost mailing service to obtain a response from potential customers.

Regarding **Claims 2-6**, Dwyer teaches receiving a direct cost to determine a return on investment, Dwyer does not teach the various costs recited, however the recited method steps would be performed the same regardless of the specific data. Further, the structural elements remain the same regardless of the specific data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in

terms of patentability, *see In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP ' 2106

The recited costs claimed include:

2. (Original) The method according to claim 1, wherein receiving a production cost comprises:

receiving a production cost of marketing material; and

page 9 column 2 para 1, Dwyer teaches using a holiday greeting card to maintain customer accounts. In combination with the rest of the article, which deals with financial cost/benefit analysis of customer valuation, one of ordinary skill in the art would recognize that there is a cost (i.e. a production cost) of this card (i.e. marketing material).

receiving a cost of a mailing list and a cost of printing the marketing material.

Dwyer teaches a costs of a mailing (page 7 column 2) and teaches direct costs associated with providing a mailing to potential customers.

3. (Original) The method according to claim 2, wherein the marketing material production cost includes:

an all-inclusive production cost.

Page 10 Exhibit 1 – direct costs are an all inclusive production costs.

4. (Original) The method according to claim 2, wherein the marketing material production cost includes:

administrative and planning costs, creative cost, film and photography cost, data processing cost, professional fees, freight, and other production costs.

As noted above for claim 2, Dwyer suggests that marketing material production cost includes, e.g. for example sending a holiday greeting card to customers as part of account husbanding, that is, maintaining customer relationship through a direct mailing.

However Dwyer does not teach that the marketing material production cost includes:

administrative and planning costs, creative cost, film and photography cost, data processing cost, professional fees, freight, and other production costs.

However Official Notice is taken that these costs are old and well known in the art of production of marketing material.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the financial return analysis of Dwyer to include where the marketing material production cost includes various costs associated with production of marketing material, because it would have provided a predictable result in providing a financial marketing analysis using various production costs, thus showing the return of the effort to include the marketing material production costs required.

5. (Original) The method according to claim 2, wherein the mailing list cost includes: list acquisition cost.

Exhibit 2, Dwyer teaches direct marketing (i.e. suggesting mailing to customers) where a percentage of customers respond to initial mailed offers (e.g $p = .30$ or 30%), however Dwyer does not teach where the mailing list cost includes list acquisition cost.

However, Official Notice is taken that it is old and well known in the art of marketing for the acquisition of mailing lists, such as those used for the direct marketing of Dwyer, to cost money, i.e. for there to be a list acquisition cost.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the financial analysis approach of Dwyer in evaluating direct marketing programs, to have included where the cost of acquiring the mailing list was used in the financial analysis, because it would have provided a predictable result in producing a financial analysis of a mailing program that accounted for the cost of acquiring the mailing list used in the direct marketing mailing.

6. (Original) The method according to claim 2, wherein the printing cost includes:

folding, inserting, and labeling cost.

As per above (and see also Figure 1) Dwyer teaches a direct marketing mailing and teaches taking into account various costs including a direct cost for a direct mail program. As per above, Dwyer teaches as part of a marketing campaign (for example in account maintenance sending a holiday card) sending a promotional material to a customer. While Dwyer teaches direct costs associated with mailing and teaches sending a card to customers, Dwyer does not teach where the direct costs include folding, inserting and labeling costs, however Official Notice is taken that these costs are old and well known in the art and would have been obvious to one of ordinary skill in the art at the time of the invention to modify the financial analysis teachings of Dwyer where costs for direct mailings are used with the financial benefits, because it would have provided a predictable result with Dwyer by including the folding inserting and labeling cost as part of the financial analysis.

Regarding **Claim 7**, Dwyer teaches shipping cost (Exhibit 2 under "Distribution and Account Maintenance". Dwyer does not teach discounting the shipping rate by a discount where the discount is applied to this shipping rate.

However, Official Notice is taken that discounting shipping rates is old and well known in the art of shipping and would have been obvious by a person of ordinary skill in the art at the time of the invention and would have provided a predictable result in combination with the ROI teachings of Dwyer because it would have reflected the NPV realized from the actual amount spent on shipping.

Regarding **Claim 8**, Dwyer teaches:

8. The method according to claim 1, wherein receiving financial information comprises:

receiving a response rate; and receiving an expected price of items marketed in the direct mail marketing campaign.

Figure 2 shows a probability of responding (i.e. a response rate) and an expected purchase "E", an expected price.

Regarding **Claim 9**, Dwyer teaches:

9. The method according to claim 8, wherein determining the return on investment comprises:

determining a direct mail marketing campaign cost based on the production and shipping costs;

receiving a close ratio;

determining a gross profit for the items marketed in the direct mail marketing campaign;

determining a net profit based on the gross profit and the direct mail marketing campaign costs; and

determining the return on investment based on the net profit and the direct mail marketing campaign costs.

Exhibit 1 shows a close ratio (i.e. rate of responses), a gross and net profit based on total revenue and total revenue less direct costs - the bottom shows an NPV (i.e. a return on investment).

Regarding **Claim 10**, Dwyer teaches:

10. The method according to claim 1, further comprising determining a lifetime value of the marketing campaign.

Exhibit 1 and 2 – since Dwyer is modeling customers response to marketing campaigns with an estimated NPV of this over time - this is an estimate of the lifetime value of the campaign.

Regarding **Claim 11**, Dwyer teaches:

11. The method according to claim 10, wherein determining the lifetime value of the marketing campaign comprises:

receiving a value of a sale; receiving a number of sales per year; receiving a number of years retained;

Exhibit 1 section B: value of a sale - \$15; number of sales per year: 1000 subs (subscriptions); number of years retained – years 1-5.

receiving a retention rate;

Exhibit 1/B section A under "Account Maintenance"

determining a lifetime value of the customer based on the sale value,

number of sales per year, number of years retained, number of targeted customers;

Exhibit 1/B – bottom line – NPV is a lifetime value of the customer based on sale value, sale per year – years retained (5) and those targeted.

determining a number of customers acquired based on the financial information of the direct mail marketing campaign and number of targeted customers; and

Exhibit 1/B – the various years show the number of customers acquired in that year.

determining the lifetime value of the campaign based on the number of customers acquired, retention rate, and a lifetime value of the customer.

Exhibit 1/B – the lifetime value (note Dwyer's teaching if regarding a Lifetime Value – or LTV) is measured as an NPV – in this example it is \$,20684

Regarding **Claim 12**, Dwyer teaches:

12. The method according to claim 11, further comprising:

receiving a number of touches per year; and

Exhibit B – a goodwill greeting card (i.e. a touch per year) is sent to customers.

determining a lifetime mailing investment.

Exhibit B – the cost of pursuing a marketing campaign versus the revenues (i.e. used to calculate the NPV) is the determination of a lifetime mailing investment.

Regarding **Claim 13**, Dwyer teaches:

13. The method according to claim 1, wherein outputting the return on investment comprises:

generating an executive summary; and

outputting the executive summary.

Exhibit 1 page 10

Claims 14-39 and 85 recited similar limitations to those addressed above by the rejection of **claims 1-13** and are rejected according to a similar rationale.

Furthermore regarding **Claims 14-39 and 85**, Dwyer does not explicitly teach using a computer system for performing the method, including using a GUI interface to enter data into a software package, however Official Notice is taken that automating method steps, including using a GUI interface and a computer system are old and well known in the art and would have been obvious to combined with the method steps taught by Dwyer by one of ordinary skill in the art at the time of the invention because it would have provided the benefit of perform the method steps faster and more efficient since they are performed using a computer system with a GUI interface. Furthermore, automating the method steps taught by Dwyer does not convey patentability since it amounts to automating a known process (in re Venner).

Conclusion

5. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jonathan G. Sterrett whose telephone number is 571-272-6881. The examiner can normally be reached on 8-6.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Beth Boswell can be reached on 571-272-6737. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

JGS 12-3-2010

/Jonathan G. Sterrett/

Primary Examiner, Art Unit 3623